

RALEIGH-DURHAM AIRPORT AUTHORITY

MINUTES

February 21, 2002

Chairman Gibbs presided. Present: members Clancy; Lane; Parker; Sparrow; Teer and Toler. Absent: member Winston. Also present: Airport Director Brantley; Deputy Director, Operations Shackelford; Customer Service & Organizational Support Director Damiano; Director, Major Capital Improvements Program Director Powell; Administration Director Umphrey; Finance Director Barritt; Senior Program Manager Edmondson; Program Manager Quesenberry; Program Manager Cayton; Environmental Manager Wilkinson; Facilities Engineering Manager Jewett; Parking Manager White; Maintenance Manager Fulp; Properties & Insurance Officer Quinn; Emergency Services Manager Thompson; Law Enforcement Manager Waters; Senior Auditor Jordan; Information Technology Manager Schiller; Communications Manager Hamlin; Customer Relations Supervisor Kawiecki; Ground Transportation Manager Odom; Ground Transportation Coordinator Nye; Purchasing Officer Thompson; Noise Officer Tovar; Executive Assistant Mitchell and Attorney Tatum.

Guests: Vicki Hyman, The News & Observer; Shane Snider, Triangle Business Journal; and Rev. Dennis Stiles.

APPROVAL OF AGENDA – There were no changes to the agenda, and it was approved as submitted.

APPROVAL OF MINUTES – There were no changes to the minutes of the January 17, 2002 meeting, and they were approved as submitted.

CHAIRMAN'S COMMENTS – Chairman Gibbs commented that he and Member Teer made a presentation to the Durham City Council earlier in the month. The presentation went well, and Chairman Gibbs thanked the Communications Department staff for their help with the presentation.

LAW, FINANCE & PERSONNEL COMMITTEE – Member Parker reported the Committee met on February 21, 2002 and discussed the following item:

1. Consideration of establishing a capital project for I-40/Aviation Parkway Interchange Improvements, RDU #080449. Program Manager Quesenberry reported the N.C. Department of Transportation recently commissioned a study of high occupancy vehicle lanes and other means to manage congestion on I-40. Out of that study, improvements were proposed for the I-40/Aviation Parkway Interchange. Of those improvements, certain ones would directly and substantially benefit airport traffic. Unfortunately, it will be late in the decade before the DOT will have the funds to make them. Thus, it appears that the only way for those improvements to be made in the near term is for the Authority to make them. Staff sought permission from the DOT to facilitate that work, and the DOT agreed that it would allow the Authority to do so under an encroachment-type agreement. By allowing the Authority to make the improvements, the work can be completed several years earlier than the DOT can schedule the project. Components of the project include a dedicated loop ramp for traffic leaving the airport to enter I-40 with a long acceleration lane, and widening the westbound exit ramp from I-40 and the section of Aviation Parkway between the ramp and National Guard Drive to allow airport traffic to free flow from the ramp onto Aviation Parkway. The estimated cost of the work is \$2,000,000. The Committee

recommended that the project be authorized and that a budget of \$2,000,000 be established. The budget includes design phase services as well as the roadway construction and traffic signal work.

Member Parker made a motion, seconded by Member Clancy, to approve the recommendation of the Law, Finance and Personnel Committee to establish a capital project for I-40/Aviation Parkway Interchange Improvements with a budget of \$2,000,000. Adopted.

LAND & DEVELOPMENT COMMITTEE – Member Teer reported the Committee met on February 21, 2002 and discussed the following items:

1. Consideration of an Agreement with Parsons Transportation Group for construction management services for Taxiway D Relocation & Terminal C Apron Expansion, RDU #070379. Major Capital Improvements Program Director Powell reported on the proposed Agreement with Parsons Transportation Group for Taxiway D Relocation & Terminal C Apron Expansion. The Agreement authorizes pre-construction phase and construction management services for the project. The basis for compensation is unit costs for personnel and reimbursement of allowable expenses at direct cost. The maximum compensation authorized by the Agreement is \$1,093,000 for services and expenses. The Committee recommended approval of the agreement with Parsons Transportation Group.
2. Consideration of bids received February 15, 2002 for Taxiway J & International Drive Bridge, RDU #080419. Facilities Engineering Manager Jewett reported on the bids received for construction of Taxiway J and the International Drive Bridge. The following bids were submitted: Archer Western Contractors at \$9,404,242; Rifenburg Construction at \$9,600,057; Blythe Construction at \$9,785,733; and Sanford Contractors at \$11,789,709. Archer Western proposed DBE participation of 12.9%, which meets the Authority's requirement of 12%. The Committee recommended accepting the low bid of \$9,404,242 submitted by Archer Western Contractors and awarding the contract for the Taxiway J & International Drive Bridge project to Archer Western subject to acceptance by the Authority and the Cities of Raleigh and Durham and the Counties of Wake and Durham of a Grant Offer of Airport Improvement Program funds for the project from the Federal Aviation Administration.
3. Consideration of a Change Order with the Nello L. Teer Company for various components of North Ramp General Aviation Area Redevelopment, Phase II, RDU #080332. Facilities Engineering Manager Jewett reported on a proposed Change Order with the Nello L. Teer Company for work associated with Phase II of the North Ramp General Aviation Area Redevelopment. The Change Order prepares the parking control system infrastructure to accept the future Passenger Access Revenue Control System (PARCS). It also includes transferring the current parking system derived from the Security Area Access Control System (controlled by security personnel) to the SCAN System (controlled by parking personnel). The physical changes involve installation of additional "loop" detectors, cable and conduit. The Change Order also removes copper control wiring and replaces it with more reliable fiber optic cable for all devices. The Change Order also involves replacement of a sliding gate with a double swing gate complete with card read/keypad and center islands, adds two barrier gates with controls to the west general aviation parking lot, relocates a pedestrian and vehicle sliding gate with controls to the west general aviation apron, adds manholes and junction boxes to accommodate new conduits and cables, adds two ACP8 Access Control Panels for security gates, and replaces 8-foot chain link

fence and gates with 8-foot metal ornamental fencing and gates. The budget for this part of the project is \$13,300,000. Current obligations, including design, construction, and administrative costs, total \$12,772,000. The remaining budget is \$528,000. Upon approval of this Change Order, the new total obligation will be \$13,048,630, and the budget remaining will be reduced to \$251,370. Total compensation to the contractor under this Change Order is \$276,630. The contract completion date will be extended by 48 days to August 24, 2002. The Committee recommended approval of the Change Order with the Nello L. Teer Company.

4. Consideration of bids received January 29, 2002 for select renovations to Terminal A, including public restroom renovations, painting, replacement of an air handler and signing changes, that are elements of Terminal A Interim South Concourse, RDU #070339. Senior Program Manager Edmondson reported on the bids received for certain renovations to Terminal A. Five single prime construction bids were received from Landmark Construction & Development, Inc.; Riley Contracting, Inc.; A&M Construction Company; D.H. Griffin Construction Company; and Harrod & Associates Construction with the low bid of \$569,000. Five multi-prime construction bids were received from Landmark Construction & Development, Inc.; Riley Contracting, Inc.; Keck Company, Inc.; C.T. Wilson Construction Company; and Harrod & Associates Construction with the low bid of \$316,500. Four multi-prime construction bids were received for plumbing from Acorn Industrial; Eakins Plumbing Company; Brown Brothers Plumbing and Triangle Mechanical with the low bid of \$74,358. Four bids were received for HVAC multi-prime construction from Cooper Mechanical Contractors; WATCO Corporation; Acorn Industrial; and Comfort Engineers with the low bid of \$106,600. Four bids were received for electrical multi-prime construction from Paraco Electric, Inc.; Vaughan Electrical Company; MBE Electrical Construction Company; and Barnes & Powell Electrical Company, Inc. with the low bid of \$68,800. Harrod & Associates has demonstrated good faith efforts and agreed to provide an MBE participation level of 14%, which exceeds the Authority's goal of 7%. The Committee recommended accepting the low multi-prime bids and awarding contracts to Harrod & Associates Construction, Triangle Mechanical, Comfort Engineers and Barnes & Powell Electrical Company, Inc. for select renovations to Terminal A that are elements of Terminal A Interim South Concourse.
5. Consideration of a Change Order with FMC Jetway Corporation for an additional passenger loading bridge for Terminal A Gate 11, Terminal A Interim South Concourse, RDU #070339. Senior Program Manager Edmondson reported on a proposed Change Order with FMC Jetway Corporation to purchase an additional passenger loading bridge. The bridge at Gate A11 owned by United Airlines was removed after United ended service to RDU in late 2001. The Authority has been installing its own bridges on the Terminal A gates as they have become available. This Change Order adds one additional bridge to the current contract for bridges with FMC Jetway Systems. The contract amount is increased by \$417,082 from the current amount of \$2,327,003 to \$2,744,085. Funds are available in the project budget to cover this cost. The Committee recommended approval of the Change Order with FMC Jetway Corporation in the amount of \$417,082 for an additional passenger loading bridge for Terminal A, Gate 11.
6. Consideration of proposed arrangements for engineering consulting services for I-40/Aviation Parkway Interchange Improvements, RDU #080449. Program Manager Quesenberry reported on proposed Amendment No. 11 to the Agreement with Parsons

Brinckerhoff Quade & Douglas, Inc., which authorizes engineering design phase and bid phase services for the I-40/Aviation Parkway Interchange Improvements project. Compensation for services authorized by this Amendment will be based on unit costs against the fixed ceiling amount of \$125,000 for engineering design and bid phase services, and on actual costs against the fixed ceiling amount of \$7,500 for reimbursable expenses. The Committee recommended approval of Amendment No. 11 to the Agreement with Parsons Brinckerhoff Quade & Douglas, Inc. for engineering design phase and bid phase services for the I-40/Aviation Parkway Interchange Improvements project in an amount not to exceed \$125,000.

Member Teer made a motion, seconded by Member Parker, to approve the recommendations of the Land & Development Committee. Adopted.

GROUND ACCESS COMMITTEE – Member Clancy reported the Committee met on February 21, 2002 and discussed the following item:

1. Consideration of endorsing a proposed Agreement between the Triangle Transit Authority and PBS&J, Inc. for consulting services in connection with the Airport Rail Link Study. Major Capital Improvements Program Director Powell reported on the proposed agreement between the Triangle Transit Authority (“TTA”) and PBS&J, Inc., the consultant selected to perform the Airport-Rail Link Study. The Memorandum of Agreement between the Airport Authority and the TTA requires that the Authority endorse the agreement between the TTA, the agency contracting for the services, and the consultant providing the services for the Study. The scope of services to be provided by the consultant includes project management; data collection; identification of airport activity levels; facilitation of airport passenger and employee surveys; identification of alternative means of connection; preparation of cost estimates; forecasting ridership; evaluation of alternatives; and preparation of findings. The maximum compensation to the consultant for professional fee and expenses will be \$459,213. The agreement between the Airport Authority and the TTA specifies that the two agencies each will be responsible for one-half of the net cost of the Study. The Airport Authority will reimburse the TTA for the Authority’s share of the cost after the TTA has made payment to the consultant. The TTA has included the consulting agreement in a federal grant, the amount of which is \$500,000. The federal share is 80%, the proposed state share is 10% and the TTA’s share is 10%. The Airport Authority will reimburse the TTA for one-half of TTA’s share of the cost. Each agency will be responsible for other costs such as staff time. If the scope of the consulting agreement were to be expanded over the course of the study such that the maximum compensation would exceed \$500,000, then each of the two agencies would be responsible for one-half of the cost in excess of \$500,000. The Airport Authority must endorse written amendments that modify the consulting agreement. The Committee recommended endorsement of the consulting agreement between the TTA and PBS&J, Inc. providing for maximum compensation of \$459,213.

Member Clancy made a motion, seconded by Member Parker, to endorse the consulting agreement between the TTA and PBS&J, Inc. providing for maximum compensation of \$459,213. Adopted.

NOISE RULE REPORT - Noise Officer Tovar reported that during the fourth quarter of 2001 neither of the two air carriers that received noise allocations exceeded those allocations. There were no threshold level exceedences by the air carriers that have not received noise allocations. The number of air carriers with noise allocations will drop from three to two for 2002 as a result of the year 2001 noise results.

Those carriers will be American and Federal Express. All other air carriers will operate without a noise allocation during 2002. The annual airport noise exposure level was less than one-fifth of the maximum permissible level for 2001.

PERMANENT NOISE MONITORING SYSTEM POLICY – Noise Officer Tovar reported that staff had recommended a policy for implementation and operation of a Permanent Noise and Operations Monitoring System to the Authority on September 20, 2001. Member Lane requested that the Aircraft Noise Abatement Committee have the opportunity to comment on the recommended policy before its adoption. The Noise Committee verbally suggested revisions to the policy during its meeting on October 4, 2001. Staff incorporated these modifications and distributed the revised policy to the Committee members to ensure that the revisions that were made accurately reflected their suggestions. Five of nine Committee members agreed that the modifications reflected their suggestions; however, two members suggested additional clarifications. The suggested changes to the recommended policy clarify the policy elements but do not affect the substance of the policy. Staff concurred with the suggested changes and recommended that the Authority adopt the revised Policy.

Member Clancy made a motion, seconded by Member Parker, to adopt the revised Permanent Noise and Operations Monitoring System Policy. Adopted.

Member Lane commented that he would present the adopted policy to the Aircraft Noise Abatement Committee at its March 7, 2002 meeting and offer the Committee members the opportunity to review and comment upon the adopted policy.

FAA GRANT AUTHORIZATION – Facilities Engineering Manager Jewett requested adoption of a resolution authorizing staff to submit an application to the Federal Aviation Administration to obtain an Airport Improvement Program grant. The resolution will authorize staff to submit an application requesting a grant offer in an amount not to exceed \$7,900,000. This amount represents seventy-five percent (75%) of the construction cost of Taxiway J and the International Drive Bridge.

Member Clancy made a motion, seconded by member Teer, to adopt a resolution authorizing staff to submit an AIP grant application to the FAA in an amount not to exceed \$7,900,000 for construction of Taxiway J and the International Drive Bridge. Adopted.

FINANCING RESOLUTION – Attorney Tatum requested adoption of a resolution authorizing staff to retain the members of the financing team, and authorizing staff to prepare and file a financing application with the North Carolina Local Government Commission. The resolution reads as follows:

RESOLUTION OF THE RALEIGH-DURHAM AIRPORT AUTHORITY DIRECTING THE FILING OF AN APPLICATION WITH THE LOCAL GOVERNMENT COMMISSION FOR APPROVAL OF THE ISSUANCE OF AIRPORT REVENUE BONDS IN AN AMOUNT NOT TO EXCEED \$30,000,000, ADDRESSING CERTAIN RELATED MATTERS AND MAKING RELATED FINDINGS.

WHEREAS, the Authority has determined that it is advisable to acquire and purchase certain rights and interests of American Airlines, Inc. ("American") under the Raleigh-Durham Airport Facilities Lease and Use Agreement (the "Lease") dated November 1, 1985, between the Authority, as lessor, and American, as lessee;

WHEREAS, the Authority hereby determines that the acquisition and purchase of such rights and interests under the Lease, which relate to Terminal C and appurtenant facilities, the fuel farm, the in-flight kitchen facilities and cargo building 4 at the Airport (collectively, the "Project"), must be undertaken by the Authority, at a cost of approximately \$30,000,000, including the costs of financing the acquisition and purchase of the Project;

WHEREAS, except as provided under new leasing arrangements with American, all such rights and interests conveyed to American under the Lease will terminate upon closing of such acquisition and purchase;

WHEREAS, the Authority desires to authorize its Chairman, Secretary, Airport Director, Deputy Airport Director and Director of Finance to apply to the Local Government Commission of North Carolina (the "Local Government Commission") for its approval of the issuance of airport revenue bonds in an amount not to exceed \$30,000,000 (the "Series 2002 Bonds") to pay the cost of acquiring and purchasing the Lease rights and interests related to the Project and to take all other action necessary in connection therewith;

WHEREAS, the Authority has retained First Albany Corporation as financial advisor, LeBoeuf, Lamb, Greene & MacRae, L.L.P. as bond counsel, Moore & Van Allen, PLLC as Authority counsel, and The Bank of New York as trustee, tender and paying agent in connection with the issuance and sale of the Series 2002 Bonds;

WHEREAS, the Authority recognizes the need to appoint a letter of credit provider, underwriter and remarketing agent in connection with the Series 2002 Bonds, which shall be issued as federally taxable, variable rate demand obligations;

WHEREAS, the Authority has considered and evaluated both fixed and variable rate debt alternatives on a taxable basis;

WHEREAS, based on information provided by First Albany Corporation, the Authority determined that the estimated interest rate at which fixed rate debt instruments (with a 15 year maturity) insured by a municipal bond insurance policy could be issued is 5.78%;

WHEREAS, based on information provided by First Albany Corporation, the Authority estimates an average variable interest rate of 4.00% for a letter of credit-backed bond with a fifteen-year maturity;

WHEREAS, the Authority considered and recognized that variable interest rate debt instruments expose the Authority to the risk of higher interest rates in the future, and that in addition to the variable interest cost, the Authority must pay the fees of the letter of credit provider and the remarketing agent, which fees may increase the variable interest cost by .75%; and

WHEREAS, in light of present expectations of both fixed and variable interest rate levels, and given the refinancing flexibility (no call premium and no call period protection

while in variable rate mode) of variable rate debt, the Authority believes that a variable rate debt financing will result in debt service cost savings over the average life of the Series 2002 Bonds;

NOW, THEREFORE BE IT RESOLVED by the Authority, as follows:

Section 1. That the Chairman, Secretary, Airport Director, Deputy Airport Director and Director of Finance of the Authority are hereby authorized, directed and designated to file an application with the Local Government Commission for its approval of the issuance by the Authority of the Series 2002 Bonds.

Section 2. That the Authority finds and determines and asks that the Local Government Commission find and determine from the Authority's application and supporting documentation:

- (a) That the issuance of the Series 2002 Bonds is necessary and expedient;*
- (b) That the amount of the Series 2002 Bonds will be sufficient but is not excessive, when added to other money available to the Authority, for the acquisition and purchase of the Lease rights and interests related to the Project;*
- (c) That the acquisition and purchase of the Lease rights and interests related to the Project is feasible;*
- (d) That the Authority's debt management procedures and policies are good; and*
- (e) That the Series 2002 Bonds can be marketed at a reasonable interest cost to the Authority.*

Section 3. That the retention of First Albany Corporation as financial advisor, LeBoeuf, Lamb, Greene & MacRae, L.L.P. as bond counsel, Moore & Van Allen, PLLC as Authority counsel, and The Bank of New York as trustee, tender and paying agent in connection with the issuance and sale of the Series 2002 Bonds is ratified, confirmed and approved in all respects.

Section 4. That the Chairman, Secretary, Airport Director, Deputy Airport Director and the Director of Finance are hereby authorized to select and appoint a letter of credit provider, an underwriter and a remarketing agent in connection with the Series 2002 Bonds, which shall be issued and sold as federally taxable, variable rate demand obligations.

Section 5. That the Chairman, Secretary, Airport Director, Deputy Airport Director and Director of Finance of the Authority are hereby authorized to do any and all things necessary to effectuate the issuance and sale of the Series 2002 Bonds.

Section 6. *That the Local Government Commission is hereby requested to sell the Series 2002 Bonds in a public offering in accordance with the provisions of Section 159-123 of the General Statutes of North Carolina.*

Section 7. *That this Resolution shall become effective on the date of its adoption*

Member Parker made a motion, seconded by Member Teer, to adopt the resolution authorizing staff to retain the members of the financing team, and directing the filing of an application with the Local Government Commission for approval of the issuance of airport revenue bonds in an amount not to exceed \$30,000,000. Adopted.

MEMBER COMMENTS/REPORTS – Member Teer agreed with Chairman Gibbs that the meeting with the Durham City Council went very well. Member Sparrow commented he received a letter from a customer regarding a charge being made for use of luggage carts. Airport Director Brantley said he had received the same letter and had written to the customer responding to the issue.

GENERAL COUNSEL'S REPORT –Attorney Tatum requested authorization for the Authority Chairman and Secretary to execute documents related to approval of tenant financing of PK Enterprises' corporate hangar. All documents will be subject to final approval by legal counsel. The documents will mirror those executed last month for a similar transaction regarding the Lichtin Corporation's hangar.

Member Lane made a motion, seconded by Member Teer, to authorize the Authority Chairman and Secretary to execute documents related to approval of tenant financing of the corporate hangar owned by PK Enterprises. Adopted.

Attorney Tatum requested an Executive Session following the Airport Director's report to discuss a pending legal matter.

AIRPORT DIRECTOR'S REPORT –

- Enplaned passengers for January 2002 totaled 271,474 versus 375,970 for January 2001 for a 27.8% decrease.
- Deplaned passengers for January 2002 totaled 284,219 versus 393,162 for January 2001 for a 27.7% decrease.
- Enplaned air cargo for January 2002 totaled 7,877,462 pounds versus 11,242,804 pounds for January 2001 for a 29.9% decrease.
- Deplaned air cargo for January 2002 totaled 9,478,671 pounds versus 11,142,145 pounds for January 2001 for a 14.9% decrease.
- Weekday scheduled flight departures for January 2002 totaled 221 versus 291 for January 2001 for a 24.1% decrease.
- Aircraft operations for January 2002 totaled 18,922 versus 25,041 for January 2001 for a 24.4%

decrease.

- The number of vehicles exiting the terminal area public parking lots during January 2002 totaled 139,698 versus 181,041 for January 2001 for a 22.8% decrease.
- The number of taxicab trips taken during January 2002 totaled 11,736 versus 10,964 during January 2001 for a 7.0% increase.
- The carriers' passenger load factors ranged from 45-60% during January.
- Advance passenger bookings for March are reported by the carriers to be quite strong. Airport Director Brantley predicted total RDU passenger boardings will be in the 4.4.5 million range for the year of 2002.
- RDU ranked sixth in the Southeast U.S. for origin/destination passengers during the 12 months ended June 30, 2001, behind Atlanta, Orlando, Ft. Lauderdale, Tampa and Miami. During that period of time, RDU had over 8 million annual O&D passengers, with an average one-way fare of \$141, and over 22,000 O&D passengers per day. Of the top 20 air travel markets in the Southeast, four were RDU markets.
- Lee Airport Concessions reported business is looking much better. Twelve employees were rehired, and managers and supervisors are now working full-time. The Authority is working with some of the concessionaires to provide more flexible operating hours. Some shops are going forward with construction in Terminal C.
- ANC Corporation, the parent company of Alamo and National Car Rental, has advised it plans to have a dual-branded operation at RDU. Customers would be able to rent both rental brands from one facility. Staff is looking favorably on this plan, but no decisions have been made. Two rental companies, one of which is off-airport, have expressed an interest in the vacant location if one of the rental car service centers becomes available.
- The USDOT's Transportation Safety Administration took over operation and management of the security checkpoints in both terminals as of February 18, 2002. Jeff Parrott, one of the local FAA Civil Aviation Security Field Unit's Security Inspectors, was appointed the interim Federal Security Director (FSD). A permanent FSD will be appointed in the next several months. The employees of the Globe and Huntleigh security companies have been contracted to the TSA.
- Things are working fairly well at the Terminal A checkpoint. Changes are being made to the Terminal A Extension checkpoint to add a third lane. Work is underway in Terminal C to add several additional lanes. The transition should be relatively smooth, and no problems are anticipated.

Member Teer made a motion, seconded by Member Parker to go into Executive Session.

The Authority returned to Open Session.

ADJOURNMENT - There being no further business, Chairman Gibbs adjourned the meeting.

Respectfully submitted,

J. Ray Sparrow, Secretary

CORRECT ATTEST:

Kenneth D. Gibbs, Sr., Chairman